

## **COMMENTS ON DISTRIBUTED GENERATION ISSUES IN MINNESOTA WIND ON THE WIRES**

Wind on the Wires appreciates the opportunity to provide these comments and to participate in the Division of Energy Resources' (DER) process to consider ways that Minnesota can improve opportunities for the development of distributed generation (DG) resources. Our members are particularly interested in the opportunities for small-scale wind, and community wind development that can benefit from such improvements. We commend the DER for undertaking such a thorough review of the issues and data, and for involving a wide range of stakeholders in this process. While Minnesota has one of the strongest Renewable Portfolio Standards in the country, it is clear from the information presented in the August 15<sup>th</sup> webinar that Minnesota is lagging behind many other states both in their development of distributed generation resources, as well as implementation of supportive policies. The current percentage of energy produced by net-metered DG is a very small percentage of the overall consumption in Minnesota, and can clearly be expanded without significant cost, and with additional environmental benefits accruing to the state.

The DER requested input following its August 15, 2012 "Baseline and Benchmarking" Webinar. While we do not have specific input regarding the actual costs and benefits at this time, we offer the following suggestions for approach and future efforts to support distributed generation.

### **Safety and Reliability**

With regard to issues of safety and reliability, discussions to date have indicated few issues. Requirements for safe interconnection and operation of DG systems are well understood, and the use of UL and IEEE requirements can help to ensure that DG technologies meet standards that safeguard consumers and linemen in Minnesota. However, some requirements may be too restrictive, limiting opportunities for DG, while not adding real safety or reliability protection. For example, the requirement for an outdoor disconnect switch should be reevaluated and possibly eliminated. This required device for small systems can be costly for homeowners and small businesses, but may not provide any real added safety or reliability. In addition, the limits to penetration levels on an individual feeders should also be reevaluated to understand if there are situations where higher penetrations can be safely and reliability integrated, while providing greater benefits to DG owners, the grid, and all customers.

### **Impacts and Fees**

WOW appreciates DER's effort to accurately identify and quantify the costs and benefits of DG. It is important in this effort to work to capture the full range of benefits of these resources, which can vary with time, location, resource type, etc. Many of the benefits can be hard to quantify. We encourage DER to look beyond the typical costs and benefits such as interconnection costs and electricity benefits, and to consider also the many environmental benefits of clean distributed resources, as well as the economic development benefits that can accrue to communities and states that invest in these local generation resources.

With regard to specific costs, WOW believes it would be valuable to reevaluate the demand and standby charges. Ensuring that these charges are not excessive, especially for net metering DG

resources, can help to support greater investment in these clean generators. In addition, the multiple beneficiaries of new facilities that may be required to interconnect a DG resource should be considered, so that costs can be allocated appropriately to all the beneficiaries. Often times, there will be significant additional system benefits experienced by load and other generators, but the interconnecting generator may be charged for the full cost of the facilities.

## **Net Metering**

WOW believes that review and modification of the Minnesota Net Metering laws should be a priority for DER and stakeholders. Minnesota has been a leader in a number of areas with regard to encouraging the development of renewable resources, such as its laudable RPS standard, its CBED laws, and its early efforts to establish a net metering law. However, as the data presented in the August 15 webinar indicates, Minnesota's net metering law with its 40 kW cap is lagging behind many other states that have revised and increased their size limits in the last decade. We encourage DER to work with stakeholders to improve the state's net metering law so that Minnesota can be counted among the leaders in net metering policy. We suggest the following improvements be priorities for consideration:

1. Increase the size limit to 2 MW. Many other states have used this as their new cap, and have not found safety or reliability concerns as a result.
2. Modify the net metering payment or crediting provisions. We suggest moving from cash payments for net electricity production to a crediting mechanism that allows net-metered customers to roll over their excess generation to the following month. This change will provide two key benefits. First, this approach will provide the right incentive for net-metered customers to size their systems correctly. It would result in no economic benefit to oversizing a net-metered generator and being a net exporter of electricity. Net metering is intended for systems that offset the electricity needs of the local homeowner or business, not for parties who wish to sell electricity. Secondly, allowing the rollover of credit provides the customer with a simple way to net electricity production in high generation months with low generation months without the need to exchange additional payments.
3. Allow aggregation of meters at a minimum for a single customer. This can allow a customer to connect their DG resource with the closest and most cost effective meter, while benefitting from the netting of generation with other higher use meters of the same customer. We also encourage consideration of meter aggregation from multiple customers, to allow more than one party to cost effectively invest in a single shared DG resource.
4. We also encourage the consideration of allowing third party ownership of net metering facilities.

Thank you for the opportunity to provide input and for your consideration of these comments. Please contact us with any questions.

Sincerely,

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